

PEER Servants, Inc.

Financial Statements

December 31, 2022



PEER Servants

PEER Servants, Inc.

Index

December 31, 2022

Independent Auditors' Report

Financial Statements:

Statement of Financial Position as of December 31, 2022	1
Statement of Activities as of December 31, 2022	2
Statement of Cash Flows for the Year Ended December 31, 2022	3
Statement of Functional Expenses for the Year Ended December 31, 2022	4
Notes to Financial Statements	5-12

Independent Auditors' Report

To the Board of Directors
PEER Servants, Inc.
Woburn, Massachusetts

Opinion

We have audited the accompanying financial statements of PEER Servants, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PEER Servants, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PEER Servants, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PEER Servants, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PEER Servants, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PEER Servants, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

De Biasi & Nash, LLC

De Biasi & Nash, LLC

Norwood, MA

May 5, 2023

PEER Servants, Inc.

Statement of Financial Position

As of December 31, 2022

	ASSETS	2022
Current Assets		<u>2022</u>
Cash and cash equivalents	\$	507,634
Due from affiliate		50,000
Prepaid expenses		924
Operating lease right-of-use assets		<u>11,397</u>
Total current assets		<u>569,955</u>
Total Assets	\$	<u>569,955</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	\$	11,000
Accrued payroll		1,907
Operating lease liabilities		<u>11,397</u>
Total current liabilities		<u>24,304</u>
Total liabilities		<u>24,304</u>
Net Assets		
Net assets without donor restrictions		370,452
Net assets with donor restrictions		<u>175,199</u>
Total net assets		<u>545,651</u>
Total Liabilities and Net Assets	\$	<u>569,955</u>

PEER Servants, Inc.

Statement of Activities

For the Year Ended December 31, 2022

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2022 Total</u>
Revenue and Support			
Grants and contributions	\$ 402,522	\$ 617,376	\$ 1,019,898
Released from restriction	614,115	(614,115)	-
Interest income	84	-	84
	<u>1,016,721</u>	<u>3,261</u>	<u>1,019,982</u>
Expenses			
Administration	34,163	-	34,163
Fundraising	40,151	-	40,151
Program services	883,411	-	883,411
	<u>957,725</u>	<u>-</u>	<u>957,725</u>
Total expenses	<u>957,725</u>	<u>-</u>	<u>957,725</u>
Change in net assets	<u>58,996</u>	<u>3,261</u>	<u>62,257</u>
Total Change in Net Assets	58,996	3,261	62,257
Net Assets at Beginning of Year	<u>311,456</u>	<u>171,938</u>	<u>483,394</u>
Net Assets at End of Year	<u>\$ 370,452</u>	<u>\$ 175,199</u>	<u>\$ 545,651</u>

PEER Servants, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2022

Cash Flows from Operating Activities	2022
Change in net assets	\$ 62,257
Adjustments to reconcile change in net assets to net cash provided by	
Decrease (increase) in assets	
Accounts receivable	(50,000)
Operating lease right-of-use assets	(11,397)
Increase (decrease) in liabilities	
Accrued expenses	<u>2,756</u>
Net Cash Provided by Operating Activities	<u>3,616</u>
Cash Flows from Financing Activities	
Operating leases	<u>11,397</u>
Net Cash Provided by Financing Activities	<u>11,397</u>
Net Increase in Cash and Cash Equivalents	15,013
Cash and Cash Equivalents - Beginning	<u>492,621</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 507,634</u></u>

PEER Servants, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2022

	<u>Administration</u>	<u>Fundraising</u>	<u>Program Services</u>	<u>2022 Total</u>
Functional Expenses				
Advertising	\$ -	\$ 30	\$ -	\$ 30
Fundraising	-	3,827	-	3,827
Grant expenses	-	-	757,298	757,298
Insurance	379	541	1,787	2,707
Office expenses	2,650	3,786	12,494	18,930
Other expenses	753	1,075	3,549	5,377
Postage and delivery	179	256	846	1,282
Printing and reproduction	82	117	385	583
Professional fees	12,573	-	-	12,573
Salaries and related expenses	16,339	23,341	77,025	116,704
Staff development	42	60	198	300
Bank charges	922	6,769	-	7,691
Telephone	244	349	1,150	1,743
Travel	-	-	28,680	28,680
Total Functional Expenses	<u>\$ 34,163</u>	<u>\$ 40,151</u>	<u>\$ 883,411</u>	<u>\$ 957,725</u>

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by PEER Servants, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The organization was founded in 1988 as Christian Technical Support and changed its name to PEER Servants in 2004 and PEER Servants, Inc. in 2022. As of December 31, 2022, the organization is a nonprofit corporation located in Wakefield, Massachusetts.

The organization envisions both the materially poor and non-poor experiencing and extending the kingdom of heaven on earth by being transformed economically, socially, and spiritually. Its mission is to transform lives by partnering for economic empowerment and renewal and does this by partnering with indigenous Christian organizations in materially poor countries which seek to be and develop agents of transformation in their communities. The organization's staff and volunteers, striving to follow Christ, work closely with these global partners in a mutually enriching relationship to provide services that support their journey to becoming sustainable organizations transforming the lives of thousands of families.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

The Organization maintains its cash balances at a financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2022.

(e) Revenue Recognition

The Organization earns revenue as follows:

Grants – The organization receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the restriction has been met. Conditional grants that contain a performance barrier and a right of release are only recognized as revenue if and when the specified conditions are met.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2022, the Organization derived approximately 99% of its total revenue from institutions and individual

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

donors and less than 1% for miscellaneous other income. All revenue is recorded at the estimated net realizable amounts.

(f) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 3% for the year ended December 31, 2022. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(g) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon a percentage of salary which approximates usage.

(h) Advertising Costs

The Organization expenses advertising costs when they are incurred. Advertising expense amounted to \$30 for the year ended December 31, 2022.

(i) Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. The organization has not accrued compensated absences because the amount could not be reasonably estimated.

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies - continued

(k) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1). As of December 31, 2022, the Organization believes that there are no uncertain tax positions with any of its open tax years.

(l) Operating Lease

The Organization leases certain office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our statements of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's lease does not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

The Organization leases office space under a noncancelable operating lease. The remaining lease is for eleven months and has no option to renew. Rent expense under the office lease was \$13,290 for the year ended December 31, 2022. There were no lease payments payable to the lessor as of December 31, 2022.

(m) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate payment of the Organization's operating lease.

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies - continued

(n) In-Kind Contributions

Donations other than cash, donated services, are recorded at their estimated fair market value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized in the financial statements if the services received require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain services donated to the Organization by community volunteers do not meet the above criteria and, therefore, are not recognized in the financial statements.

(o) Recent Accounting Standard adopted in 2022

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts in-kind. ASU No. 2020-07 was effective for PEER Servants, Inc. for its year ended December 31, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure requirements.

This ASU requires that nonfinancial assets are presented as a separate line item in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restrictions, and valuation techniques for the nonfinancial assets received. No reclassifications were required on the statement of activity for December 31, 2022. PEER Servants, Inc. has historically presented nonfinancial assets as a separate line item. PEER Servants, Inc. did enhance its disclosures to adhere to the new standard.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842) which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization has implemented the provisions of ASU 2016-02 applicable to all leases, which has been applied retrospectively to all periods presented.

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(2) Due from Affiliate

PEER Servants, Inc. has a \$50,000 loan agreement with Invest-Credit S.R.L., a micro-finance institution based in Chisinau Moldova, to assist Invest-Credit in its objective of stimulating successful, ethical businesses in Moldova. The loan was issued to the affiliated in February 2022 and has a 24-month repayment period with a zero percent interest rate. As of the December 31, 2022, repayment on the loan has not begun.

(3) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2022, net assets with donor restrictions are restricted for the following purposes or periods:

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022.

<i>Subject to expenditure for specified purpose</i>	
Chapter Relations	\$ 3,499
Guatemala	18,623
Moldova	50,000
Peru	1,914
South Sudan	20,000
General Partner Program	5,000
Volunteer Relations	76,163
Total net assets with donor restriction	\$ <u>175,199</u>

(4) Contributed Services

During 2022, the Organization utilized the assistance of 250 volunteers who served approximately 18,000 hours assisting the Organization in administrative and program functions. In accordance with U.S. GAAP, no amounts have been reflected in the financial statements in connection with these volunteered services provided to the Organization.

(5) Grants to other Organizations

The Organization makes grants to other organizations that the Organization partners with, in order to achieve its mission. These organizations use the funds to run microfinance, education, youth empowerment, healthcare, and food/water security programs in various countries. The Organization budgets for these grants but is not obligated to fund the grants to other organizations in the event that revenues are insufficient to cover these budgeted grants. During the year ended December 31, 2022, the Organization made grants to other organizations in the amount of \$752,508.

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(6) Operating Lease

The Organization has operating lease of office space. The Organization's lease has a remaining lease term of 11 months without an option to extend the lease.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

	<u>2022</u>
Weighted Average Remaining Lease Term	
Operating leases	11 months
Weighted Average Discount Rate	
Operating leases	4.37%

The maturities of lease liabilities as of December 31, 2022 were as follows:

Year Ending December 31:	<u>Operating</u>
2023	\$ 11,605
Total lease payments	11,605
Less: interest	<u>(208)</u>
Present value of lease liabilities	<u>\$ 11,397</u>

(7) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date:

Financial assets at December 31, 2022:	
Cash and cash equivalents	\$ 507,634
Loan to affiliate	<u>50,000</u>
Total	<u>557,634</u>
Less amounts unavailable for general expenditures within one year, due to:	
Time and purpose restrictions	<u>(175,199)</u>
Total	<u>(175,199)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 382,435</u>

PEER Servants, Inc.

Notes to Financial Statements

December 31, 2022

(7) Liquidity and Availability of Resources - continued

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(8) Subsequent Events

The Organization has performed an evaluation of subsequent events through May 5, 2023, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.